Trump International Golf Club Scotland Limited

Directors' report and financial statements for the year ended 31 December 2013

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COMPANY INFORMATION

DIRECTORS	Mr D J Trump Mr D Trump Jnr Mr E Trump Ms I Trump Mr A Weisselberg
SECRETARY	Mr G Sorial
REGISTERED OFFICE	Saltire Court 20 Castle Terrace Edinburgh EH1 2EN
REGISTERED NUMBER	SC292100
SOLICITORS	Dundas & Wilson LLP Saltire Court 20 Castle Terrace Edinburgh EH1 2EN
AUDITORS	Johnston Carmichael LLP Bishop's Court 29 Albyn Place Aberdeen AB10 1YL

STRATEGIC REPORT
for the year ended 31 December 2013

The directors present their strategic report for the company for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES AND BUSINESS MODEL
The company's principal activity during the year was the operation of a pay per play championship links golf course, boutique house hotel and golf house shop, bar and restaurant.

Given the inclement nature of the winter weather in the region, the operation of the golf course is seasonal, opening in March and closing in November each year. The golf house shop, bar and restaurant remain open all year, as does MacLeod House and Lodges

REVIEW OF THE BUSINESS
2013 was the first full year of operation following the opening of the championship course and the temporary golf house in July 2012, which in addition to the refurbishment and launch of MacLeod House and Lodges in October 2013, has resulted in a 45% increase in the number of local, national and international players visiting the resort. Total revenue for the year is reflective of the development of the resort and the increase in player numbers, and has improved from 2012 by 62%.

Significant investment in the areas of food, beverage and accommodation, in terms of personnel and available services have consciously been carried out as a means to achieving the company's objective to reach the pinnacle of customer service and continue to lay claim to the 'world's greatest golf course.' The return on this investment is expected in full over the coming years as the standard and reputation of Trump International Golf Links Scotland is further established and recognised globally. In the short term however, this has resulted in an increase in operational costs, resulting in a loss on operations. The Trump Organisation, Mr D J Trump and the other directors confirm their commitment to the Company and have established strategies to further increase footfall in 2014 with the implementation of new and wider reaching marketing activity, and further improvements in luxury dining and accommodation services.

In addition to commercial objectives the company continues to have a positive impact on the local labour market, and is having an immeasurable impact on the regional tourism and leisure business environment. This aptly named 'Trump Effect', coined by the leisure, hotel and tourism sector regionally, also provides numerous commercial opportunities for suppliers and business partners supporting the development of the resort as a whole.

In terms of capital investment, the Trump Organisation has stated that whilst their commitment to the resort remains unfailing, the hotel, second golf course and future phases of the project have been postponed until such time that the Scottish Government and regional Councils have reversed their stance on supporting the wind farm development being considered for Aberdeen Bay. That said, the company's primary objective is to exceed the expectations of visitors to the resort, and a new permanent clubhouse is planned for construction in 2014.

RESULTS
The profit and loss account and balance sheet are set out on pages 8 and 9. The loss on ordinary activities before taxation for the year ended 31 December 2013 amounted to £1,822,577 (2012: £1,749,643). After a tax charge for the year ended 31 December 2013 of £nil (2012: £nil), the retained loss for the year ended 31 December 2013 amounted to £1,822,577 (2012: £1,749,643). Shareholders' funds at 31 December 2013 amounted to a deficit of £7,480,639 (2012: shareholders' funds – deficit of £5,658,062).

STRATEGIC REPORT
for the year ended 31 December 2013 (continued)

KEY FINANCIAL PERFORMANCE INDICATORS
Management of the company provide the directors with a suite of KPI's at the end of each month. These include an analysis of month on month and year on year changes in revenue, costs and operating profit for each department. Where relevant, an analysis of gross margins is carried out and reported for the food and beverage and retail operations.

PRINCIPAL RISKS AND UNCERTAINTIES
The directors consider that the following are the principal risk factors that could materially affect the company's future operating profit or financial position:

- Adverse foreign currency fluctuations affecting international visitors ability to visit Scotland;
- Continued lack of regional investment in adequate transportation links;
- Competition in the industry from operators aggressively responding to the company's management strategies; and
- Availability of high quality, value for money personnel.

The company has business policies and organisational structures to limit these risks and the board of directors and management regularly review, reassess and proactively limit the associated risks.

On behalf of the directors

Director
Mr A Weisselberg
29 September, 2014

DIRECTORS' REPORT
for the year ended 31 December 2013

The directors present their report and the audited financial statements of the company for the year ended 31 December 2013.

RESULTS AND DIVIDENDS
The results for the year are shown on page 3. The company did not declare or pay any dividends during the years ended 31 December 2013 or 2012.

FUTURE DEVELOPMENTS
The strategy and objectives of the company are included in the Strategic Report shown on page 3.

DIRECTORS AND SECRETARY AND THEIR INTERESTS
The directors and secretary are listed on page 2 and, unless otherwise stated, have served throughout the year ended 31 December 2013.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT OF DISCLOSURE TO AUDITORS
So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the directors

Director
Mr A Weisselberg
29 September, 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRUMP INTERNATIONAL GOLF CLUB SCOTLAND LIMITED

We have audited the financial statements of Trump International Golf Club Scotland Limited for the year ended 31 December 2013 set out on pages 8 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with chapter 3 of Part 16 of the Companies Act, 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the strategic report and directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair of the state of the company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with the United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Acts 2006.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TRUMP INTERNATIONAL GOLF CLUB SCOTLAND LIMITED (continued)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the provisions in the Companies Acts 2006 which require us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Graeme Fraser (Senior Statutory Auditor)

For and on behalf of Johnston Carmichael LLP
Chartered Accountants and Statutory Auditors
Aberdeen

30 September 2014

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2013

	Note	*2013* £	*2012* £
Turnover	-	2,274,009	1,400,836
Cost of sales	-	(2,269,953)	(1,279,445)
GROSS PROFIT		**4,056**	121,391
Administrative expenses	-	(1,826,726)	(1,905,125)
Other operating income	-	1,983	34,791
OPERATING LOSS	3	**(1,820,687)**	(1,748,943)
Interest payable and similar charges	5	(1,890)	(700)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		**(1,822,577)**	(1,749,643)
Tax on loss on ordinary activities	6	-	-
LOSS FOR THE FINANCIAL PERIOD		**(1,822,577)**	(1,749,643)

The profit and loss account has been prepared on the basis that all operations are continuing operations. The company has no recognised gains or losses other than its profit or loss for the period.

BALANCE SHEET
at 31 December 2013

	Note	2013 £	2012 £
FIXED ASSETS			
Tangible assets	7	**29,907,314**	28,376,644
CURRENT ASSETS			
Stocks	8	229,688	113,823
Debtors	9	442,661	581,737
Cash at bank and in hand	-	94,330	101,630
		766,679	797,190
CREDITORS - due within one year	10	**(975,765)**	(1,961,952)
NET CURRENT LIABILITIES		**(209,086)**	(1,164,762)
TOTAL ASSETS LESS CURRENT LIABILITIES		**29,698,228**	27,211,882
CREDITORS - due over one year	11	**(37,178,867)**	(32,869,944)
NET ASSETS/(LIABILITIES)		**(7,480,639)**	(5,658,062)
CAPITAL AND RESERVES			
Called up share capital	13	1,000	1,000
Profit and loss account	14	(7,481,639)	(5,659,062)
SHAREHOLDERS' DEFICIT		**(7,480,639)**	(5,658,062)

The financial statements on pages 8 to 18 were approved by the board of directors on 29 September, 2014 and were signed on its behalf by:

Director
Mr A Weisselberg

Company Registered Number SC292100

CASH FLOW STATEMENT
for the year ended 31 December 2013

	Note	2013 £	2012 £
Loss from operations			
Operating loss	-	(1,820,687)	(1,748,943)
Depreciation (net of profit on disposals)	-	412,119	337,362
(Increase)/Decrease in debtors	-	139,076	71,214
(Increase)/Decrease in stocks	-	(115,865)	(113,823)
Increase/(Decrease) in creditors	-	(1,027,590)	1,233,300
NET CASH OUTFLOW FROM OPERATIONS		**(2,412,947)**	(220,890)
Servicing of finance			
Interest paid	-	-	(700)
Interest element of finance lease payments	-	(1,890)	-
NET CASH OUTFLOW FROM SERVICING OF FINANCE		**(1,890)**	(700)
Capital expenditure			
Purchase of tangible fixed assets	-	(2,088,669)	(8,395,897)
Sale of tangible fixed assets	-	145,880	-
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		**(1,942,789)**	(8,395,897)
Financing			
Capital element of finance lease payments	-	(123,211)	-
Increase in borrowings	-	4,473,537	8,536,782
NET CASH INFLOW FROM FINANCING		**4,350,326**	8,536,782
DECREASE IN NET CASH		**(7,300)**	(80,705)
Reconciliation of cash flow to movement in net debt			
Decrease in cash in the year		(7,300)	(80,705)
Cash flow from increase in debt		(4,071,815)	(8,536,782)
Change in net debt resulting from cash flows		(4,079,115)	(8,617,487)
New finance leases		(278,511)	-
Movement in net debt in the year	-	(4,357,626)	(8,617,487
Net debt at 1 January	-	(32,768,314)	(24,150,827)
NET DEBT AT 31 DECEMBER		**(37,125,940)**	(32,768,314)

Analysis of net debt

	At 1 January 2013 £	*Cash Flow* £	*Non-Cash Changes* £	*At 31 December 2013* £
Cash in hand and at bank	101,630	(7,300)	-	94,330
Finance leases	-	123,211	(278,511)	(155,300)
Debt due in over one year	(32,869,944)	(4,195,026)	-	(37,064,970)
At 31 December 2013	**(32,768,314)**	**(4,079,115)**	**(278,511)**	**(37,125,940)**

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013

1. ACCOUNTING POLICIES

BASIS OF PREPARATION
The financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

REVENUE RECOGNITION
Revenue is recognised in the financial period when goods are dispatched or services are provided to customers. Turnover represents amounts received and receivable for goods and services net of VAT and trade discounts. Founder members' fees are recognised in the period they are received while annual subscriptions, individual games and retail purchases are recognised in the period to which they relate.

FOREIGN CURRENCIES
The financial statements are expressed in Great British Pound Sterling ('£').

Transactions during the year denominated in foreign currencies have been translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Great British Pound at the rates of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the profit and loss account.

TANGIBLE FIXED ASSETS
Tangible fixed assets other than land and buildings, are stated at cost less accumulated depreciation calculated on a reducing balance basis to write off the assets over their expected useful lives. The depreciation rates currently applied on a reducing balance basis are as follows:

Plant and machinery	25%
Fixtures, fittings and equipment	15%
Motor vehicles	25%

All costs directly associated with the development of the golf resort have been capitalised under land and buildings. The golf resort, which currently comprises the golf course, certain buildings and associated land, is not depreciated as it is being developed and maintained to a high standard. Ongoing maintenance costs are charged to the profit and loss account when incurred. The directors consider the non-depreciation of buildings within the golf resort to be a necessary departure from the applicable Financial Reporting Standard in order to provide a true and fair view as they consider their residual value is at least equal to their net book value and any depreciation would therefore be immaterial.

FINANCE LEASES
Assets obtained under finance leases are capitalised in the balance sheet and are depreciated over their estimated useful lives or the lease term, whichever is the shorter. The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

1. ACCOUNTING POLICIES (continued)

STOCKS
Stocks are valued on a first in, first out basis at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items. Cost comprises the invoice purchase price net of trade rebates and trade discounts, together with costs of freight and duty and an appropriate allocation of overhead expenses incurred under normal production.

Net realisable value comprises the actual or estimated selling price, net of trade rebates and trade discounts, less all further costs to be incurred in marketing, selling and distribution.

DEFERRED TAXATION
Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law.

Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

PROVISIONS FOR LIABILITIES
A provision is recognised when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

The effect of the time value of money is not material and therefore provisions are not discounted.

2. TURNOVER

All income is generated in the United Kingdom.

3. OPERATING LOSS

Operating loss is stated after charging:

	2013	***2012***
	£	***£***
Auditor's remuneration	14,000	14,000
Gain on disposal of fixed assets	(11,593)	-
Depreciation of tangible fixed assets:		
Owned assets	312,417	337,262
Leased assets	76,832	-

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

4. EMPLOYEES AND REMUNERATION

The average number of persons employed by the company (including directors) during the period was as follows:

By activity	***2013*** ***No.***	***2012*** ***No.***
Golf operations	14	10
Food, beverage and accommodation	19	10
Grounds, landscaping and maintenance	20	19
Administration	13	11
	66	**50**

Employees costs comprise:	***2013*** ***£***	***2012*** ***£***
Wages and salaries	1,435,555	1,116,696
Social welfare costs	116,514	91,025
	1,550,069	**1,207,721**

There was no directors' remuneration paid during the year ended 31 December 2013 (2012: £nil).

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 ***£***	***2012*** ***£***
Interest payable on overdrafts and bank loans	-	700
Interest payable on finance leases	1,890	-
	1,890	**700**

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in period:

Current tax:	***2013*** ***£***	***2012*** ***£***
Corporation tax at 23.25% (2012: 24.5%)	-	-
Tax on profit on ordinary activities	-	-

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting tax charge for period:
The tax assessed for the year is different from that computed using the standard rate of corporation tax in the United Kingdome. The differences are explained below:

	2013 £	2012 £
Loss on ordinary activities before taxation	(1,822,577)	(1,749,643)
Profit on ordinary activities multiplied by standard rate in the United Kingdom 23.25% (2012: 24.5%)	(423,749)	(428,663)
Effects of:		
Expenses not deductible for tax purposes	11,917	39,040
Capital allowances in excess of depreciation	(53,143)	71,931
Income not taxable	-	(6,742)
Tax losses carried forward	464,975	324,434
Current tax charge for the year	-	-

(c) Circumstances affecting future tax charges:

The corporation tax rate in the United Kingdom reduced to 21% from 1 April 2014.

(d) Deferred tax:

A potential deferred tax asset of £1,391,236 (2012: £1,202,088) has not been recognised.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

7. TANGIBLE FIXED ASSETS

	Land and buildings	*Plant and machinery*	*Fixtures and fittings*	*Motor vehicles*	*Total*
	£	*£*	*£*	*£*	*£*
Cost:					
At 31 December 2012	26,724,924	1,176,819	894,183	25,537	28,821,463
Additions	1,586,186	397,695	93,250	11,538	2,088,669
Disposals	-	(156,967)	(11,783)	-	(168,750)
At 31 December 2013	**28,311,110**	**1,417,547**	**975,650**	**37,075**	**30,741,382**
Depreciation:					
At 31 December 2012	-	258,406	181,791	4,622	444,819
Charge for the year	-	300,057	118,787	4,868	423,712
Disposals	-	(34,173)	(290)	-	(34,463)
At 31 December 2013	**-**	**524,290**	**300,288**	**9,490**	**834,068**
Net book values:					
At 31 December 2013	**28,311,110**	**893,257**	**675,362**	**27,585**	**29,907,314**
At 31 December 2012	26,724,924	918,413	712,392	20,915	28,376,644

Assets held under finance leases and capitalised in plant and machinery

	2013	*2012*
	£	*£*
Cost	307,328	-
Aggregate depreciation	(76,832)	-
Net book value at 31 December	**230,496**	**-**

8. STOCKS

	2013	*2012*
	£	*£*
Goods for resale	229,688	113,823
At 31 December	**229,688**	**113,823**

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

9. DEBTORS – due within one year

	2013 £	2012 £
Trade debtors	89,493	239,361
Value added tax	116,447	296,115
Other debtors and prepayments	236,721	46,261
At 31 December	**442,661**	**581,737**

10. CREDITORS – due within one year

	2013 £	2012 £
Trade creditors	472,856	848,724
Finances leases	41,403	-
Other taxes and social security	50,112	47,129
Other creditors and accruals	411,394	1,066,099
At 31 December	**975,765**	**1,961,952**

11. CREDITORS – due after one year

	2013 £	2012 £
Finances leases	113,897	-
Directors loans	37,064,970	32,869,944
At 31 December	**37,178,867**	**32,869,944**

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

12. LOANS AND OTHER BORROWINGS

	2013	*2012*
	£	*£*
Finances leases	155,300	-
Directors loans	37,064,970	32,869,944
At 31 December	**37,220,270**	**32,869,944**

Repayment details for the Directors loan are detailed in Note 17.

Finance leases		
In one year or less, or on demand	39,675	-
In more than one year, but not more than five years	119,024	-
In more than five years	-	-
Total gross payments	158,699	-
Less finance charges included in above	(3,399)	-
	155,300	-

13. SHARE CAPITAL

	2013	*2012*
	£	*£*
Authorised, allotted, called up and fully paid:		
1,000 ordinary shares of £1 each	1,000	1,000

14. RESERVES

	2013	*2012*
	£	*£*
At 1 January	(5,659,062)	(3,909,419)
Loss for the financial period	(1,822,577)	(1,749,643)
At 31 December	**(7,481,639)**	**(5,659,062)**

NOTES TO THE FINANCIAL STATEMENTS
31 December 2013 (continued)

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £	*2012* £
At 1 January	(5,658,062)	(3,908,419)
Loss for the financial period	(1,822,577)	(1,749,643)
At 31 December	**(7,480,639)**	**(5,658,062)**

16. CONTROL

The company is controlled by Mr D J Trump, director.

17. RELATED PARTIES

Included within creditors due after more than one year is a loan of £37,064,970 (2012: £32,869,944) from Mr D J Trump, director, This loan is interest free and has no fixed repayment terms but is included within creditors due after more than one year on the basis that it will not be repaid prior to 31 December 2014. Mr D J Trump has confirmed his continuing support for the ongoing development and operation of the golf resort.